

Complaint & Claim Handling: An important tool of Customer Relationship Management to have Satisfied Customers

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Abstract:

In current business scenario of business, and increasing of customer awareness about market, keeping customer satisfied is CRM task, which is being done by all business owners. Shipping industry is also facing the same challenges, as by its nature it is service providing industry and not only provide shipping services like earlier time, but provide various other services demanded by customer. Shipping industry is also facing various complaint & claim from customers. This paper is an attempt to understand that satisfaction level of customers on complain & claim handled by shipping industry. Researchers studied literature review and conducted descriptive research to fulfil objective of this paper. Customer satisfaction on claim & complain handling was tested on: Willingness to resolve problem, Attitude of service provider, Communication during claim period, Service quality during claim period, Dispute settlement, Surety for non-repetition, and Time taken to solve complain. Finding reflect that customers are not fully satisfied with the way claim & complain are being handled by shipping companies. Researchers' tried to suggest a model to solve claim & complain will help shipping companies to save time in complain handling and to do CRM practices effectively which make customer satisfied and loyal.

Key Words: Customer Satisfaction, Claim & Complain handling, Shipping Industry, CRM.

1. Introduction:

Now a day's business environment became very dynamic and managing customer complain in such business environment became very difficult as well as important also for companies. Increasing trend of foreign trade in India has allowed many new companies to do business. Many new exporter and importers are starting business of different commodities from different ports of India. With increase in foreign trade, its supportive industries like shipping Industry also started booming. According to the Ministry of Shipping, around 95 percent of India's trading is by volume and 70 per cent by value is done by maritime transport. India has 12 major ports and 187 non-major ports. Cargo traffic, which is recorded at 1.052 million metric tonnes (MMT) in 2015, is expected to reach 1,758 (MMT) by 2017. The Indian ports and shipping industry plays a vital role in sustaining the growth in the country's trade and commerce.

One of toughest task for shipping companies is to satisfy their customers to retain them for longer time period. To fulfil this task shipping companies provide various services to customers and need to solve various complain of customers. Now a days complaints are being treated very seriously by companies as not listing to complain or not solving complain may lead to losing a customer for re purchase of product or services. Another view of complain handling is that by resolving customers complain, companies try to satisfy customers and to retain them for longer time period

This paper attempts to know the impact of complain handling on customer satisfaction. For this purpose, researcher decide to give brief knowledge about complain handling and customer satisfaction and literature review to understand relationship between complain handling and customer satisfaction. Researcher collect data through questionnaire from various commodities exports to know the impact of complain handling on satisfaction. On the basis of data analysis finding researcher tried to suggest to Shipping companies.

1.1. Complain- Meaning and Management

A Complaint can be defined as any communication that expresses dissatisfaction about an action or lack of action, about the standard of service or product of a company or any intermediary or asks for remedial action. In general complain reflects dissatisfaction of customers toward the services or product offered by company. When there is deficiency between expected level of services and actual delivery of services, then at that time dissatisfaction among consumer or receiver of services arises.

Complaint is written communication by customers to marketer, hence marketer needs to address such as earlier as possible. The way in which such complaints are managed and resolved determines customer retention with respective service provider. Complaint management is one of the key area for every marketing head of the organization.

Key elements in effective complaint management:

- 1) Complaint Classification to facilitate concentrated management.
- 2) Commitment of all, at any level, to ensure/facilitate assured service to customers
- 3) Fairness to the contract needs to be exhibited at all times.
- 4) Resources (Man/Machine) adequacy with appropriate empowerment.
- 5) Responsiveness i.e. dealing promptly, courteously and in accordance to its urgency.

1.2. Customer Satisfaction:

Customer satisfaction is very essential factors for any organization to retain customers. Now a days every organization tried to satisfy its customer. In order to have satisfied customers, companies are products and services as per the customer expectation.

In marketing term, customer satisfaction is a situation where customer expectation meet or surpassed the real product or services. If company is able to supply expected product or services to customer, it means, company is having satisfied customer. There are so many reasons to have satisfied customers and these are:

- It's a leading indicator of consumer repurchase intentions and loyalty.
- It's a point of differentiation with other product or services.
- It reduces customer churn.
- It increases customer lifetime value.
- It reduces negative word of mouth.
- It's cheaper to retain customers than acquire new ones.

Like other services industry, shipping industry do work to have satisfied customers. Shipping company too face complain and try to have satisfy customers. Customer satisfaction in shipping industry leads to retain customers. Shipping services provide various services to exporters and importers and every customer have different expectations form shipping companies.

In the next portion of this paper, researcher explain research methodology and focus some light on literature review, after that researcher analysis data and give suggestions to shipping companies.

Services are intangible and complex in nature, so it's is quite difficult for the marketers to pre-determine the demand of services. And every time customers expectation change which make difficult to determine the outcome of services, which increase the chances to have less number of satisfied customers.

2. Research Methodology:

This research is descriptive in nature and conducted with the purpose:

- To know the impact of complain handling on customer satisfaction in shipping industry.
- To know the attitude of service provider at the time of complain handling.

For this purpose structure questionnaire to the exporters of various commodities has been sent and received 200 valid responses. Researchers applied percentage analysis and developed Hypothesis to know the relationship between complain handling and customer satisfaction.

- 2.1. Scope of the research: This research work is limited to the exporters & importer of Ahmedabad City.

3. Literature Review:

There are many research has been conducted on compliant handling and satisfaction, however in this part of research paper, researcher tried to highlighted some work on complaint handling and customer satisfaction.

Filip A. (2013) studied complain handling with the objective to highlight the feature of effective complain handling process. Researcher conclude organization should take complain as a chance to rectify internal mistakes and to improve product and service standard. Research also suggest that companies should encourage its customers to file complain if there is any. It will allow companies to understand the challenges faced by customer. And organizations should develop complain handling process system.

Uusitalo K., Hakala H. & Kautonen T. (2008), studied a case on Finland logistic firm with the objective to develop a framework regarding the complaint handling process and how does it can be used as a customer feedback tool. In the study researcher argue that only making customer satisfaction through complain handling is not enough, as complain handling can be used as a tool to have feedback from customer and to identify the default in process. Researcher conclude that complain handling process must be staff as well as customer friendly, so it can be used effectively to save time and cost. Researcher argued that by having an effective complain handling process, organization can track the pitfall in the process.

Simon A., Kafel P., Nowicki P. & Casadesus M. (2015) studied key feature of complain management system in Spa industry in Spain. Researchers found that to serve better to customers, companies must have an effective complain management system which help to identify complain sources and way to solve them. Researchers also found that companies must have better CRM system which allow to have frequent meetings with customer to have better understanding of customer preferences. At the end study suggest that companies must take complain as an opportunity to serve customers in better way.

Ahmad I. & Amir M. (2011), conducted research to identify the key feature of to have satisfy customer in banking industry in Pakistan. Researcher identify service quality dimensions, Service feature, and complain handling. Researcher found that complain handling have direct relationship and impact on customer satisfaction. The paper concluded that features such as convenience to also contribute to customer satisfaction, as well as competitive interest rates and skilled employees. It is also concluded that a service problem which is not resolved has a greater impact on the customer's attitude towards service provider.

Taleghani M. (et al) (2011), studied customer complain management and associated challenges as a key feature to retain customers. Researcher also develop some models for customer complain management system and found that to have effective complain management system in organization cultural changes are required, means mind set of employees need to be changed. For this proper training and values of employees need to change. Researchers suggest that different levels of organization should be considered in the complaints management; employees participating is an important role in succeeding the complaints handling processes; and complain handling should include business strategy, processes, and analysis.

Duygun A., Menteş S.A., and Kubaş A. (2014), conducted descriptive research to studied influence of complain on corporate reputation in banking industry. Researcher collected data from customer of various banks who file a complaint at least once a week. Researcher found that customer were not satisfied with the services provided by banks. Hence complain handling have direct relationship with corporate reputation and image. So researcher suggest that employees must understand that customer mind frame and should be able to differentiate between expected and perceived services by customers. Researcher also suggest that employees must pay attention to the customer while handling complain.

Selvakumar J.J (2015), studied the effect of service quality on customer satisfaction in public and private banks. For this researcher develop a framework which elaborate the key components of service quality as: reliability; assurance; tangibility; empathy; and responsiveness. Furthermore researcher check the relationship of each key component with customer satisfaction. Through the data analysis researcher found that private banks are giving better services and all the aspects. Researcher found that assurance of better services have most and direct influence on customer satisfaction. Whereas assurance include better services, listening complain, considering customer suggestions and others.

Durvasula S (2004), conducted research in Hong Kong on Shipping industry with objective to evaluate the importance of service factors and their relationship with customers satisfaction. For this purpose researcher

collect data through questionnaire from shipping companies' executives and export companies representatives. Researchers evaluated service quality of Information, Equipment offered by shipping companies, Complain handling process, Feedback and implementation of feedback, Tracking system, Pick-up and delivery schedule, Updating delivery status, quality standard followed by shipping companies, and Claim settlement. Result of analysis shows that while selecting shipping companies exporters prefer complain handling and Improvement in services after feedback, on time service performance over the technology. Researcher also suggested that CRM with customer also help shipping companies to solve problem. At the end researcher suggested that companies always remember that without customer they cannot survive in business, and long term relationship with customer highly depend on the way shipping companies representative maintain relationship with exporters representative. Researcher also comment that having high end technology is not important for shipping companies, important is to use it in a customer centric way.

Shang K.C. and Lu C.S. (2012), conduct research to identify and examine CRM impact on firm performance in context of Freight forwarders. For the purpose researchers studied twenty CRM attributes service providers are using: *Use of Phone, e-mail and personal visit for communication; respond to customers on problem and complain; respond on enquiries; transportation and related information; understanding of customer requirements; verification of services and informations; use of good computer infrastructure ; flexibility on urgent requirements; usages of customer information; reference marketing; availability of company information; individual customer analysis; price differentiation; customer information for marketing application; discount to loyal customers; effective IT system; use of IT for targeting customers; and, sending gifts.* After analysing the above attributes, researchers mention top five attributes of CRM from the perception of FF which are crucial to develop the service. Use of phone calls, email for communication; respond to customers on problem and complain, respond on enquiry; transportation and related information; and, understanding of customer requirements. Researcher also found that there is positive relationship between the CRM attribute and firm financial performance. Researchers suggested that Freight forwarder must pay attention on offered services and complain handling.

Sarlak M.A. & Fard S.R. (2009), conduct research on Agricultural Bank in Iran with objective to check satisfaction through CRM by studying various CRM aspects: Service quality, Access to service, Properties of Services, and Handling customer complains. Result of study suggested that Good behaviour of employees on of the aspect of Service quality is more important than having office for complain handling. Researchers also tested the relationship between Services provided by bank, accessibility of customer to bank, Properties of Service and complain handling by bank with Satisfaction, and on the basis of result researchers suggested that employee's promptness to attend customer query, use of proper technology and awareness of technology to employees, knowledge of customers, and behaviour of bank employees is more important to have satisfied customers.

From the above literature review, researchers landed on the statement that complain handling is an integrated part of business specially service industry, as every customer have different expectation and when expectation do not match with really, customer start complaining. A well-handled complain make customer satisfy which leads to win customer loyalty.

4. Data Analysis:

Researchers sent structured question to 200 exporters and 184 respondent revert. Percentage analysis has been used to analysis data and chi-square is being used to know that dependency of different variables. While analysing Percentage analysis, researchers divide measure satisfaction level of customers on the scale of 1-5, where:

1 = Highly Satisfied, 2 = Satisfied, 3 = Average, 4 = Dissatisfied, 5 = Highly Dissatisfied

Below tables are reflecting about the basic data of respondents like industry of respondents, time in business, various services provided by shipping companies, and reason for change in shipping services.

Table 1: Industry of Respondents

Industry (Export)	Responses (%)
Agriculture	16
Pharmaceuticals	31
Ceramic	24
Textile	19
Chemical	12

Table 2: Time in Business

Time in Business	Responses (%)
No information provided	41
More than 20 Years	30
15-20 Years	5
10-15 Years	16
Less than 5 Years	8

Table 3: Service provided by Shipping

Service Provided	Responses (%)
Provide Services for Limited Countries	19
Provide only Limited Services	7
Provide All shipping services for all countries	74

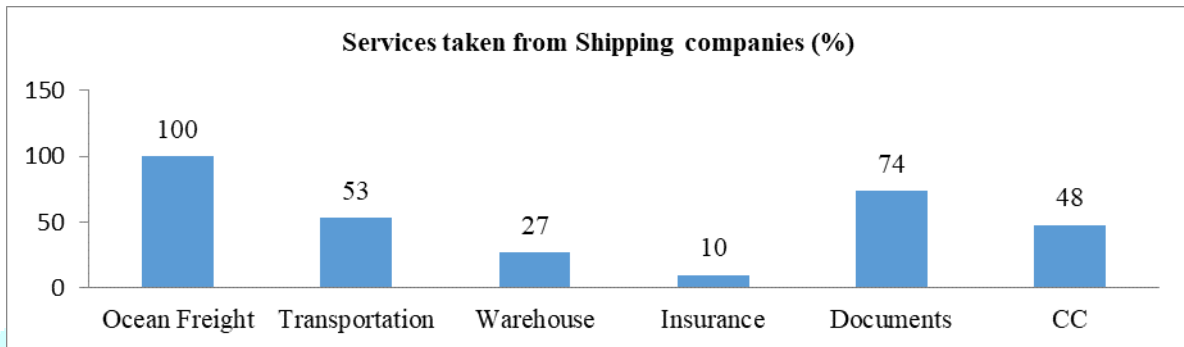


Chart-1, Services taken from shipping companies by Respondents

This chart is showing that all respondent are taking services of Price/Ocean freight as it is basic and much required part of shipping companies’ jobs. But apart from this 74% respondents are taking services of documentation. 53% are taking services of Transportation and 48% are taking services of custom clearance (CC). But very few respondents are taking services of Insurance from shipping companies, this is because of that they are getting it done by them self.

Table: 4 Change in Service provider

Change in Service Provider	Responses (%)
Yes	93
No	07

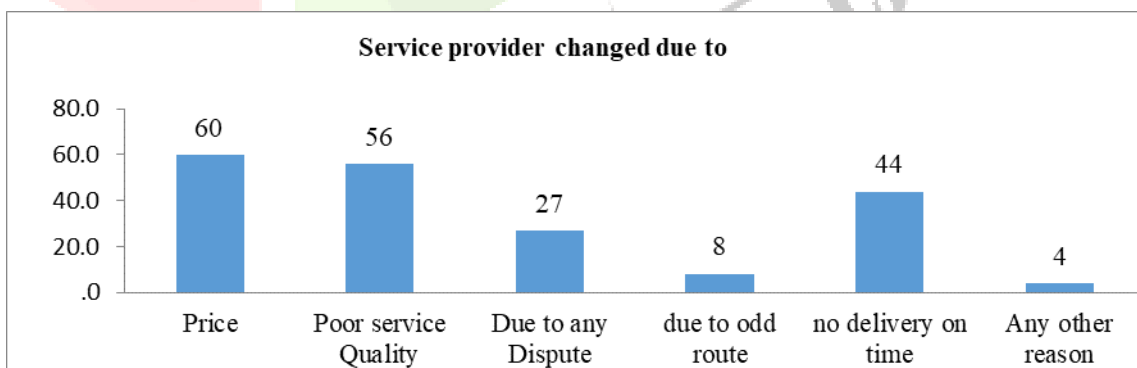


Chart-2, Reasons to change Service Provider

This chart is showing us the various reasons, due to which respondents have changed their shipping companies. Price is the major factor, but as this research is more concern with Service quality, it can be observed that after price its service quality due to which 56% respondents changed their service provider. After Service quality other reasons are: *not delivery on time, dispute, odd route and other reasons* respectively.

Data analysis on Complain Handling by Shipping Companies

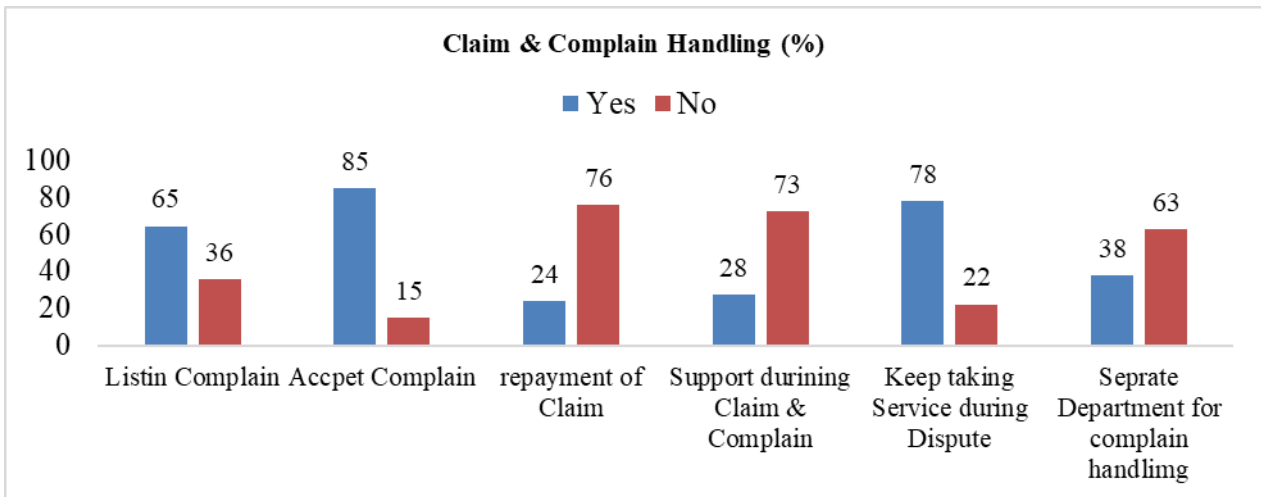


Chart 3: Claim & Complain Handling

This chart is showing the answer of questions related with compline & claim handling of service provider. 65% of respondents reply that their service provider do listen their complaint against the 36% of respondents who said that, complain are not being listened by service provider. 85% of respondents reply that their service provider accept the claim but only 24% of respondents reply that they get the refund of their claims. Only 28% are reply that they get full support full support during the claim or complain duration against the 73% of respondents who state that they did not get support during claim. 78% of respondents keep taking the service during the claim or complain handling duration. While only 63% state that their service provider have separate department for claim and complain handling.

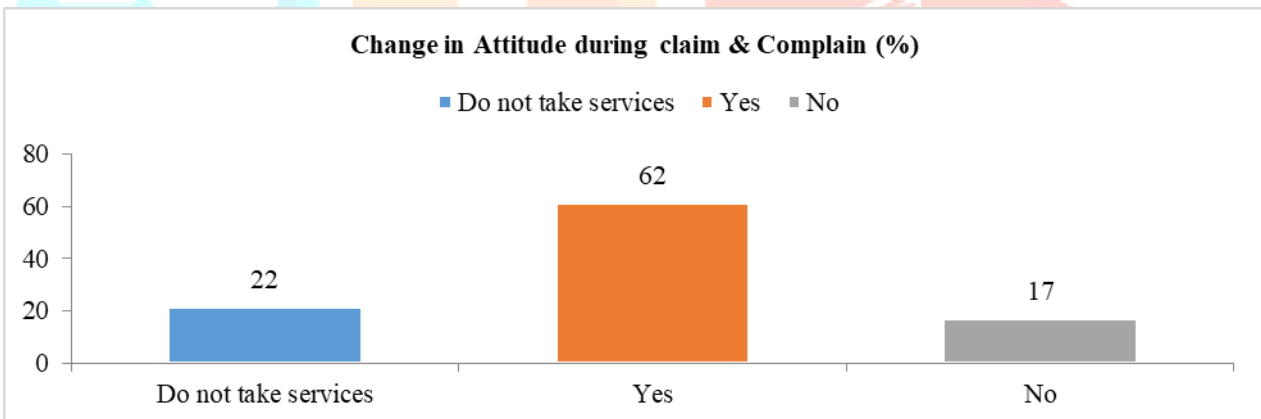


Chart 4: Change in Attitude during Claim & Complain Handling

This chart is giving information about the attitude of service provider during dispute or claim handling. 22% customer reply that they do not take services or change the service provider during the claim or complain handling duration. Remain 78%, out of which 62% said that their service provider change their attitude and 17% said that their service provider do not change attitude.

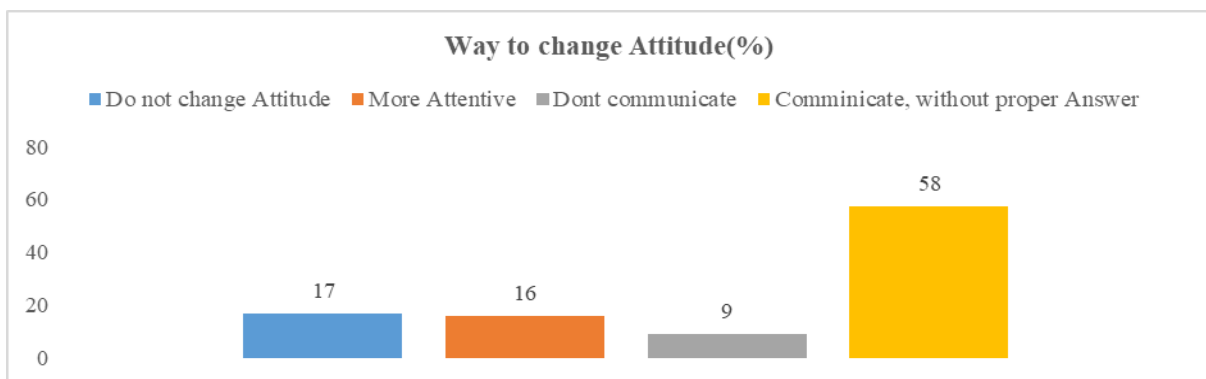


Chart: 5 Way to change attitude

This chart is showing, how service provider change their attitude during claim or complain. 58% of respondents' reply that their service provider communicate with them but not with proper answer. 16% of customer reply that during service provider became more attention payer toward them, but 9% reply that their service provider do not communicate with them during the claim or complain handling process.

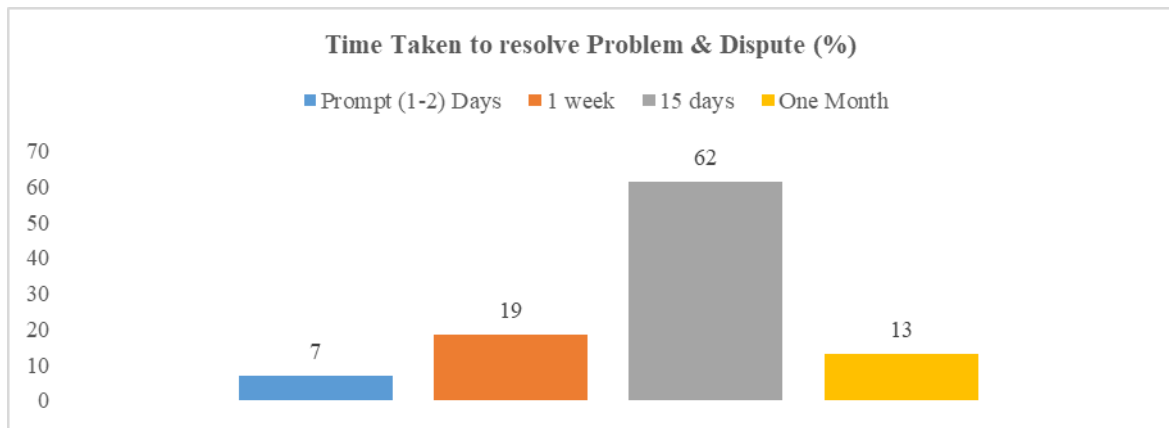


Chart 6: Time taken to solve problem & Dispute

This chart is about the time taken to solve the problem. 15 days is minimum time taken to resolve problem as per 62% of respondents. 19% of respondents says that their service provider took only 1 week to resolve the issue. 13% are saying that their service provider took one month to solve any issue against the 7%, who said that their problem get solved within 1-2 days.

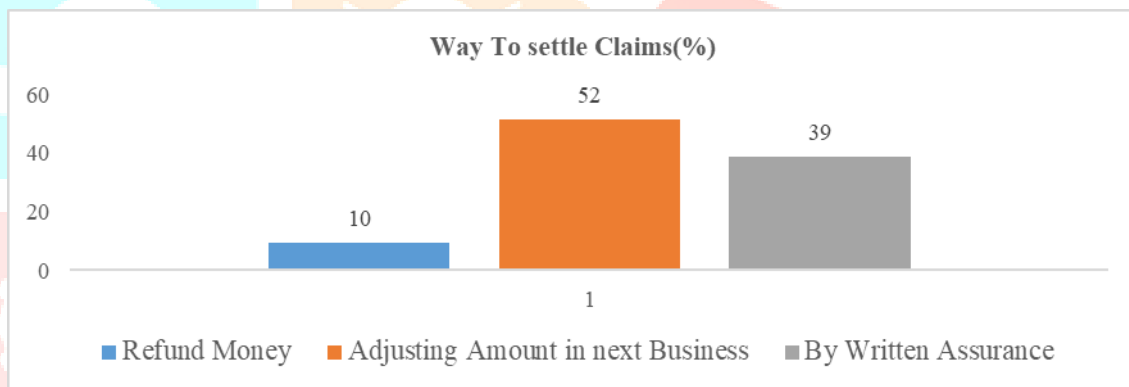


Chart 7: Way to settle claims

This chart is about the different ways used by service providers to settle the claims. More than half of the respondents settle the claim by the adjusting the amount in future business. 39% of respondents say that their service providers give them assurance that such mistake will not happen in future. Only 10% customer get their refund from their service providers.

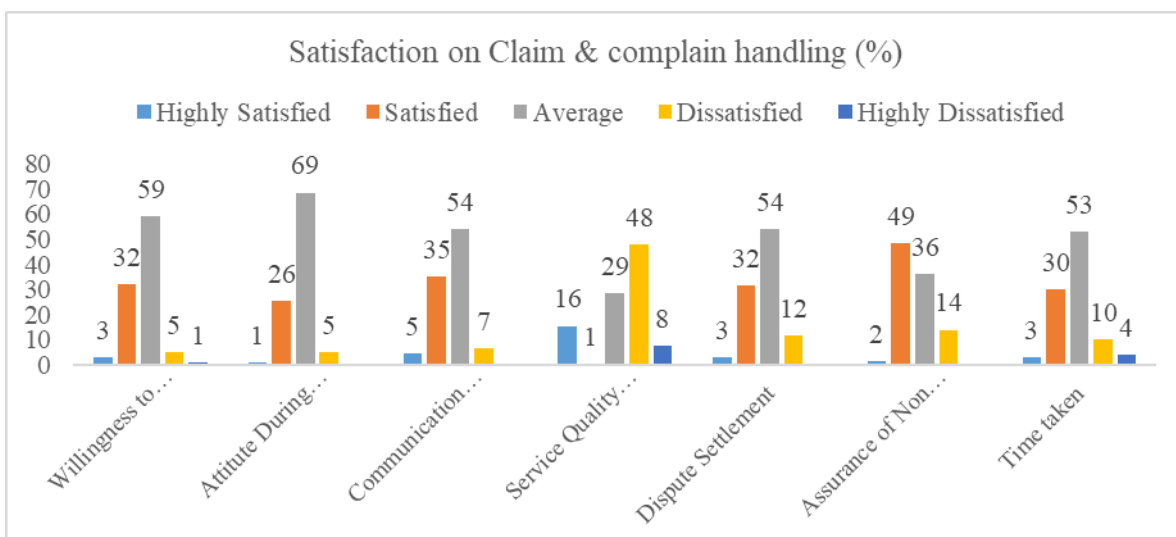


Chart 8: Satisfaction on Claim & Complain handling

This chart is about the satisfaction level of customer on the Customer relationship practices related with claim and complain handling by service provider. 59% of customer scale their service provider on average rating for the willingness to resolve the issue. While only 32% are satisfied with the willingness to solve the problems. When it comes to attitude during the dispute, 69% of respondents' rate average rating to their service provider and only 26% are satisfied with this. 35% of respondents are satisfied with the communication done by service provider during dispute and 54% are scaling their service provider on average. Service provided during the dispute or claim settlement period make 16% of respondents highly satisfied, while 29% are scaling these practices on average scale. Near about 50% of respondents are dissatisfied with the service quality during the claim. When it comes to dispute settlement, only 32% of respondents are satisfied and 54% of respondents are neutral about it, while 12% are dissatisfied on dispute settlement. Near about 50% of the respondents are satisfied with the assurance given by the service provider and 36% are stating that they are neutral with this relationship practice and 14% are dissatisfied with this. Whereas on the time taken to solve complain more than ½ of the respondents are scaling average to the service providers. Which indicates that customer are expecting claim need to be resolved as soon as possible.

Hypothesis Testing

H₀: There is no statistical relationship between way of complain handling and customer satisfaction.

H₁: There is statistical relationship between way of complain handling and customer satisfaction.

Variable of Claim & Complain handling	Asymp. Sig. (2-sided)	< / >	Significant value
Willingness to resolve problem	0.40	>	0.05
Attitude during Dispute	0.55	>	0.05
Communication during dispute	0.10	>	0.05
Service quality during dispute	0.90	>	0.05
Dispute settlement	0.03	<	0.05
Assurance of non- repetition	0.01	<	0.05

Interpretation: As Chi-Square value of all variables of Claim & Complain handling is higher than 0.05, hence H₀ is accepted, except Dispute settlement and Assurance of non-repetition, where Chi-Square value is less than 0.05, so H₁ got accepted.

5. **Findings:** After data analysis, researcher found that:

- 93% of respondents changed shipping service provider due to poor service quality after prices. 27% of respondents changed service provider due to any dispute which did not get resolved.
- Researcher found that 65% of service provider listen the complaint whereas out of those 85% accept the mistake. Around ¼ of service provider repay for any claim made by customers.
- Around 1/3 of service provider support to customers during any claim or complain. But more than ¾ of customer keep taking service of current service providers.
- Researcher also found that only 38% of shipping service providers have separate department for claim & complain handling.
- Researcher found that 62% of customer have witnessed changed in attitude of service providers. Researcher also found that 58% of service providers do not communicate to its customer with proper answer during any claim or complain time period. Whereas researcher also found that 16% of service providers became more attentive towards customers.
- Researcher found that maximum time to resolve any problem or claim is 15 days which is being taken by 62% of service provider. 13% of service provider took more than 1 month to resolve any issue.
- On settling the claim researcher found that more than ½ of the service providers adjust claim amount in next business deal with customers, while 39% give written assurance to customers.
- On the overall satisfaction of customer toward claim and complain handling, researcher found that 59% of respondents are expecting better attitude and willingness of service provider to resolve

problem. 69% of respondents are giving average to service providers. More than 1/2 of the respondents are also scaling on average to their service provider on communication.

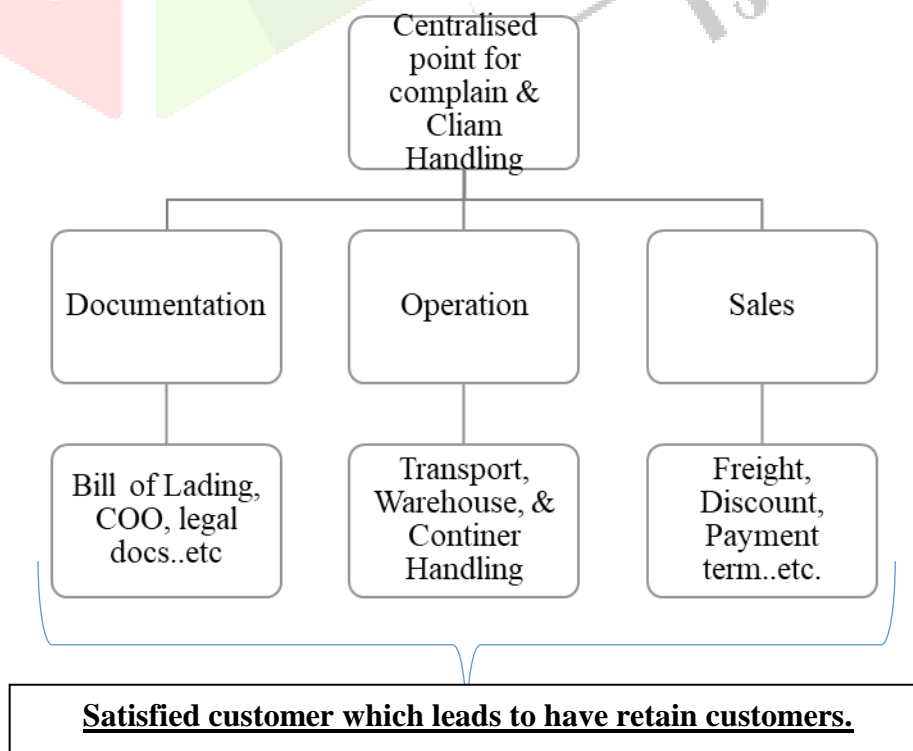
- Some of the respondents took services from service provider during claim and they are dissatisfied with the service quality, this is major issue which researchers found.
- On dispute settlement around 1/3 of respondents are satisfy, 54% of respondents are still expecting some better solution from service providers.
- Researcher found that around 1/2 of the respondents are satisfied with assurance given by service provider and 36% are expecting better actions.
- Researcher found that more than 1/2 of the respondents are expecting that complain and claim need to be satisfied faster.
- From the hypothesis test researchers found that way of claim & complain handling do have direct impact in customer satisfaction.

6. Suggestions to Shipping Companies

On the basis of findings, researcher would like to suggest to shipping service providers that complain handling is a critical issue which need to be tackle very carefully. Unsolved complain and claim make customer unhappy which leads to loss of customer. So, while handling complain and claim, shipping companies need to listen to customer and its experience. For the better understating companies can record the statement of customers.

- Researcher suggest to the shipping service providers to have separate department for claim and complain handling and email and phone number of such department need to be shared with customer in each and every form of communication.
- Shipping service providers need to train its employees in the area of claim and complain management, which will help employees to handle unhappy or angry customers.
- It is expected to shipping service providers to offer best services to loyal customers who keep taking services during the claim or complain handling period.
- Researcher also suggest that shipping companies need to solve claim or complain as soon as possible, which will save time of customers as well as shipping companies.
- Researcher also suggest that complain need to be categorised on the basis of its nature and department. For instance, error in documents, can be classified as human error and need to be diverted directly to documents department from centralised complain handling window.

Suggested Model for Claim & Complain handling in Shipping Industry



This model is describing that how shipping companies can handled claim and complains of customers. Customers can register claim & complain at centralised window or point and from there complain will segregated at different level. Level of complain and claim can be determined by the importance or degree of urgency to rectify the complaint. From centralised point, complain will be forwarded to designated department for the solutions. This model is very basic and only required correct identification of claim or complain, and will help shipping companies to being out solution as soon as possible. Engagement of top level management is also required if the degree of claim or complain is very high and required special attention. If all department will focus on customer centralization, there are high chances that shipping companies will be able to have more satisfied and loyal customer.

7. Conclusion:

Researcher started this research with the aim to find out the satisfaction level of customer of shipping industry toward the claim and complain handling. From the finding and literature review, researcher conclude that complain handling is very crucial as well as important task in service industry and need to be handled very carefully and by top management. Researcher conclude that in the shipping industry, most of the customer are not satisfied with the way of claim and complain handling or get resolved in shipping industry. Service provider need to understand customer in a better way to understand expectation of customers and then design the services, which will leads to have less complain, and if complain arise, service provider need to listen it and solve as fast as they can. Properly handled complain make customer to feel delighted which leads untimely to a loyal customers.

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